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Lockheed, ex-Air Force general accused of diverting U.S. funds

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The Air Force gave a private U.S. defense contractor access to secret spy funds in the mid-1970s without the knowledge or approval of Congress, according to statements made Monday in federal court in West Palm Beach.

The disclosure came during the first day of the federal trial of retired Maj. Gen. Richard B. Collins of Fort Lauderdale, who is accused of diverting about \$445,000 from clandestine Swiss bank accounts and keeping some \$19,000 in interest.

Defense attorney Steve Bronis said in his opening statement that evidence will show that the accounts were used by the international division of Lockheed Aircraft Corp. to bribe foreign officials on behalf of the United States.

The money had been appropriated by Congress to go to far more ordinary Air Force operations, Bronis said.

U.S. Justice Department prose-

cutor Barbara Nicastro made no mention of the Lockheed contract or of covert activities when she addressed the jury in a brief statement that focused on a paper trail of embezzlement she said she will prove.

She described the case against Collins as a matter of "honor and theft."

The retired officer, she said, simply, "used Air Force funds for his own gain."

A federal grand jury indicted Collins on six counts of embezzlement in January 1983. He faces a maximum of 60 years in prison and \$60,000 in fines if he is convicted on all counts.

According to published reports, Lockheed executives funneled money to foreign governments during the Vietnam War so they would allow American military aircraft to launch spy missions from their countries into China, North Vietnam and North Korea.

Bronis told the jury that A. Gene Otsea, a bank account custodian and an official with Lockheed,

may testify in detail about the arrangement next week.

In a dramatic speech to the nine-woman, three-man jury, Bronis described his client as an often-decorated, former fighter pilot who was directed by the chairman of the Joint Chiefs of Staff to juggle several secret Swiss accounts as a contingency fund for covert purposes.

Former Secretary of State Alexander Haig will testify for the defense via videotape about Collins' tenure as director of plans and policies for the military in Europe in the 1970s, Bronis said.

The first witness Nicastro called was former Air Force Maj. Joseph Zielezinski, who worked for Collins in the Office of Special Plans, the liaison between the Air Force and U.S. intelligence agencies.

Zielezinski testified that Lockheed had a secret contract with the Air Force for access to the spy funds.

The disclosure of potentially embarrassing intelligence intrigue was the first in the unprecedented trial, which was postponed for nearly two years as government prosecutors argued that it should be closed to the public to protect national security.

U.S. District Court Judge James C. Paine deemed that Collins was constitutionally entitled to an open trial, but ordered most pretrial hearings to be closed.